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SIPDIS

PACOM PLEASE PASS TO RADM CONNOR

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TAGS: [MCAP](#) [MARR](#) [MASS](#) [MOPS](#) [PGOV](#) [PREL](#) [PTER](#) [OVIP](#) [MY](#)
SUBJECT: SCENESETTER FOR VISIT TO MALAYSIA BY REAR ADMIRAL
MICHAEL CONNOR

Classified By: Deputy Chief of Mission Robert G.
Rapson for reasons 1.4 b and d.

Summary and Introduction

11. (C) Rear Admiral Connor, Embassy Kuala Lumpur warmly welcomes your visit to Malaysia, which comes at a moment of opportunity in U.S.-Malaysia relations. In his ten months in office, Prime Minister Najib Tun Razak has demonstrated a more pragmatic and action-oriented approach than his predecessor and he appears to be more inclined to move Malaysia at least some distance toward the international mainstream on issues of importance to the United States. In this context, our efforts are focused on continuing our good security cooperation with Malaysia, especially on the mil-mil front, expanding the trade and investment dimensions of our ties, and deepening our partnership on key global issues, including Malaysia's diplomacy towards Iran. Non-proliferation and the passage of an export control law remain very high on our mission agenda, as does securing a Malaysian commitment to providing assistance to Afghanistan. The domestic political tempo in Malaysia has slowed since the 'political tsunami' of the March 2008 general elections that saw the opposition capture a record number of seats. More recently, PM Najib and his administration have been confronted by the challenge of growing Islamic drift and managing the societal divisiveness of issues like the use of the word "Allah" by non-Muslims, which resulted in arson attacks against churches early in 2010. The trial of opposition leader Anwar Ibrahim for sodomy, which began on February 3, is likely to dominate Malaysia's domestic political scene for the foreseeable future. End Summary and Introduction

The Broader Relationship in Context

12. (SBU) Robust trade and investment ties remain the solid foundation of our relationship with Malaysia, our 18th largest trading partner (bilateral trade totaled USD 44 billion in 2008). The GOM has been an important partner on counterterrorism and we enjoy expanding law enforcement cooperation as well as evolving military-to-military ties. Malaysia already hosts regional Humanitarian Assistance / Disaster Relief (HA/DR) related conferences and operations, and we have been working to improve our disaster relief cooperation. Our people-to-people ties build on decades of Malaysian students studying in America (5,400 Malaysian students studied in the U.S. during in 2007-2008). The emergence of new administrations in both our countries has provided expanded opportunities to pursue vigorous public outreach to often-skeptical, but now more receptive, Muslim Malay audiences.

Najib and His Cabinet Seek Better U.S.-Malaysia Ties

13. (C) PM Najib has a more nuanced sense than his predecessor, Abdullah Badawi, of international politics as well as Malaysia's place in the region and the world. Najib places a priority on foreign relations beyond Malaysia's traditional reference points of the Non-Aligned Movement (NAM) and the Organization of the Islamic Conference (OIC). Although it would be inapt to describe Najib as pro-Western, the UK-educated Prime Minister recognizes the benefits to Malaysia of engaging the U.S., sustaining access to our market and U.S. investment, along with rapidly developing ties to China and India, and of participating in international institutions. He has given explicit instruction to his cabinet to improve relations with the U.S. Over the past year, and with the advent of the new U.S. administration, we have seen an uptick in the tempo of our senior-level bilateral interactions, to include the President's extended phone conversation with Najib in June, Foreign Minister Anifah's meeting with Secretary Clinton in DC in May, Deputy Secretary Steinberg's visit to Kuala Lumpur in September, and Special Advisor Einhorn's visit in October.

14. (C) DefMin Zahid Hamidi has also emphasized Malaysia's desire to strengthen our bilateral military relationship, Malaysia's role in anti-piracy, UN peacekeeping, humanitarian and Disaster Relief Operations and Malaysia's potential assistance to Afghanistan. Zahid has indicated some concern with China's activities in the South China Sea, but has also encouraged broad U.S. engagement with China. Zahid's proposed visit to DC in March 2010 followed by the PM's visit to Washington in April (for the Nuclear Security Summit) will impart additional momentum to improving bilateral ties.

MIL-MIL Cooperation

15. (C) The Malaysian military has consistently been more willing to engage with us and more willing to be seen doing so than its civilian government counterparts. In contrast to some of its Southeast Asian neighbors, the Malaysian military is not a key player in either foreign policy or the maintenance of public order. It is accordingly free to focus on the nation's defense and is keen to increase training and exercise opportunities with us, within well established boundaries and with the necessary concurrence of the Foreign Ministry. The army-to-army training annual Keris Strike has been our premier command post exercise; it continues to evolve rotating different Malaysian Army Division's as our exercises partner and developing appropriate and challenging scenarios such as HA/DR operations.

16. (SBU) Mil-mil engagement continues to expand in frequency and quality, as is evidenced by the increase in ship visits over the last four years, from approximately six per year to over 27 in 2009. With about two dozen ports calls per year, we have a robust program of naval exchange, our investment in maritime domain awareness in East Malaysia is developing well, and our nascent cooperation with the Malaysian Coast Guard is also maturing. Although there have been some recent positive moves on this by their defense leadership, KL continues to resist active participation in prominent multilateral exercises, such as Cobra Gold, which it only observes. Nevertheless, we are steadily expanding our cooperation, including by embedding a C-130 pilot in a Malaysian unit, increasing our senior NCO exchanges and looking for NCO training opportunities, and focusing on humanitarian assistance and disaster relief exercise opportunities, talking in mil-mil channels about pandemic preparation, and developing a more and more robust program of institutional and personnel exchanges and visits. Under the BITACG (Bilateral Training and Consultative Group) arrangements we are deepening our engagement in areas such as exercises and training, intelligence exchanges, and logistics and communication.

Foreign Policy

¶7. (C) Malaysia's foreign policy is not well aligned with that of the United States. Instead, it is Non-Aligned Movement (NAM)-centric which leads Malaysia to vote opposite the U.S. position on almost all important UN issues. U.S. support for Malaysia joining the Somalia anti-piracy Contact Group was a useful start to moving Malaysia toward more engagement in multilateral security structures. Malaysia is a leading member of ASEAN, and could play a more positive role in Southeast Asian conflict resolution and ASEAN's approach to Burma to bring about democratic change in that country. The one foreign policy issue that resonates most profoundly with the Malaysian public is the Israel-Palestine conflict, where predominantly Muslim Malaysians (55 percent of the population) identify with the Palestinians and criticize U.S. support of Israel. The Malaysians are currently providing training to Afghan teachers in Malaysia, but at our encouragement have given indications recently that they will consider expanding their technical assistance and support into other areas. The GOM supports the Non-Proliferation Treaty (NPT) regime, with emphasis on the need for all countries to denuclearize. Malaysia claims to enforce the letter of UNSCR resolutions, but it has not entered into the spirit of putting pressure on Iran to relinquish its nuclear weapons development programs.

CT and Law Enforcement

¶8. (C) Counterterrorism cooperation with Malaysia has been effective. Early round-ups in 2001-2002 of scores of Jemaah Islamiyah (JI) suspects helped prevent terrorist attacks here, but Malaysian extremists remain engaged in JI operations elsewhere. Two Malaysians were among the 14 high-value U.S. detainees transferred to Guantanamo in 2006; Malaysia has a pending request for their return. Growing domestic political pressure to do away with preventive detention laws, principally the Internal Security Act (ISA), could pose a long-term challenge to Malaysian law enforcement, which is overly reliant on administrative detention. Interagency engagement has also increased with the newly formed Malaysian Maritime Enforcement Agency (MMEA), which has broad maritime law enforcement, humanitarian, and security responsibilities similar to those of the U.S. Coast Guard.

The Economy and Trade Relations with the U.S.

¶9. (SBU) Malaysia's economy was estimated to have contracted about three percent in 2009 and is expected to recover slowly in 2010. The global recession led to dramatic declines in exports and investment in Malaysia, resulting in a recession since the first quarter of 2009. Hence, the political stakes are high for PM Najib, who must ensure that the economy continues to provide growth and prosperity to a large middle class. Najib has used the recession to push forward economic reforms needed to keep Malaysia competitive. Najib's recognition that reforms are needed also presents opportunities for our trade and investment agenda specifically with regard to market access issues related to government procurement and competition policy, among others. While it is not yet ready to join, Malaysia is interested in discussions related to the Trans-Pacific Partnership regional trade agreement. If it decided to join, it could make use of much of the work done during the U.S.-Malaysia Free Trade Agreement negotiations.

Domestic Politics

¶10. (C) The broader domestic context is more settled than a year ago, but worrisome factors are still embedded in the system. Najib came to power as Prime Minister in April 2009 in the midst of domestic political discord that raises

long-term questions regarding the continued dominance of his ruling UMNO party, in power since independence in 1957. He replaced former PM Abdullah Badawi, who was eased out after the ruling National Front (BN) coalition lost its near-perpetual two-thirds majority control of Parliament--and five of 13 states--in the March 2008 general elections. Najib successfully presided over the October 2009 UMNO national convention, which bolstered his leadership, but is finding it challenging to identify and implement popular political reform measures while maintaining UMNO's tight control over state levers of power and patronage. Opposition leader Anwar Ibrahim remains at risk of imprisonment over what most observers would agree are politicized charges of sodomy; his trial began on February 3. Malaysia has a long record of religious tolerance, but non-Muslims are concerned about what they see as creeping Islamization of Malaysian society. A contentious issue in January was whether non-Muslim Malay-language religious publications could use the word "Allah" to refer to God, which led to arson attacks on Christian churches. A surau, and a Sikh temple in five different states. The government recently made four sets of arrests in connection with the attacks.

KEITH